GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:4494
ANSWERED ON:24.04.2008
INCREASE IN THE DRUG PRICES DUE TO NEW PATENT LAWS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether new patent laws are likely to result in many fold increase in the drug prices;

(b) if so, the details thereof; and

(c) the steps being taken by the Government to check such increase in the drug prices?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF MINE (SHRI B.K. HANDIQUE)

(a) to(c): The Indian Patent Act has been amended w.e.f. 1.1.2005 to introduce the Product Patent Regime.The Product Patent Regime may have some impact on the prices of medicines having product patent. The Government has provided sufficient safeguards in the Patent Act to ensure that medicines which are being manufactured in India on the date when this Law come into force are continued to manufactured.Therefore the prices of these patented medicines are expected to be under check as a result of sufficient market competition in such cases.

It is estimated that over 95 percent of the drugs being produced in India are off-patent and would not be affected by the Introduction of product patent.Similarly the medicines included in the National List of Essential Medicines,2003 are also off-patent and would not be affected by the product patent regime.The small number of drugs (less than 5 percent) which are likely to be covered under product and were under production in India on the date of introduction of new patent regime would continue to be produced in the country without any interruption.This has been ensured under the latest amendment in the Indian Patents Act, 1970.A reasonable royalty on the production of such drugs would become payable to the patent-holder company.

Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses,R&D expenses,trade commission, market competition,product innovation, product quality etc.The Government takes corrective measures where the public interest is found to be adversely affected.Recently,the Government has reduced the price increase of a drug from 20% to 10% in a year.